

HB 861 -- PUBLIC SCHOOL RETIREMENT SYSTEM OF KANSAS CITY

SPONSOR: Neth

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Retirement by a vote of 11 to 0.

This bill changes the laws regarding the Public School Retirement System of Kansas City. In its main provisions, the bill:

(1) Specifies that a person will cease to be a member of the retirement system if there is a break in service before becoming vested or if the accumulated contributions are withdrawn from the system (Section 169.270 RSMo);

(2) Changes the minimum normal retirement age for any person who becomes a member on or after January 1, 2014, including a previous member who ceased to be a member for any reason other than retirement prior to January 1, 2014, to 62 years of age or the date when the member has at least 80 credits (80 and out), whichever is earlier (Section 169.270);

(3) Specifies that beginning in calendar year 2014, the employer's and member's contribution rates will be determined by the system's actuary and certified by the board of trustees at least six months prior to its effective date. The actuary must use the actuarial cost method and actuarial assumptions adopted by the board of trustees, as described in the bill, to cover the normal cost and amortization of the unfunded actuarial accrued liability over a period of no more than 30 years. The combined contribution rate will be allocated equally between the employer and member with the contribution rate from each being at least 7.5% but no more than 9%. The contribution rate for each cannot increase or decrease more than .5% from one year to the next. Currently, the employer and member contribution rates are set at 7.5% (Sections 169.291 & 169.350);

(4) Specifies that the multiplier for the benefit calculation of individuals who become members on or after January 1, 2014, including an individual who was a member of the retirement system before January 1, 2014, but ceased to be a member for any reason other than retirement, will be 1.75% (Section 169.324); and

(5) Specifies that the board of trustees can only award a cost-of-living-adjustment (COLA) if the actuarially required contribution rate, after adjusting for the effect of the proposed COLA increase, does not exceed the maximum employer and member contribution rates specified in Section 169.350 (Section 169.324).

PROPONENTS: Supporters say that this bill creates an additional tier for new employees that will help to strengthen the actuarial valuation of the retirement system. There are fewer teachers to support the growing number of retirees in the system and the bill will create cost saving measures.

Testifying for the bill were Representative Neth; and Tom Mann, Executive Director, Public School Retirement System of Kansas City.

OPPONENTS: There was no opposition voiced to the committee.